

PELICAN EDUCATIONAL FOUNDATION, INC.

(A nonprofit organization)

FINANCIAL STATEMENTS

For the Years Ended June 30, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pelican Educational Foundation, Inc.
Baton Rouge, Louisiana

We have audited the accompanying financial statements of Pelican Educational Foundation, Inc. (a nonprofit organization) (d/b/a Kenilworth Science & Technology Charter School) (the "Foundation"), which comprise the Statements of Financial Position as of June 30, 2013 and 2012, and the related Statements of Activities and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Consolidating Statements of Financial Position and Activities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, LLC

December 6, 2013
Metairie, Louisiana

PELICAN EDUCATIONAL FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2013 and 2012

ASSETS

| | <u>2013</u> | <u>2012</u> |
|-----------------------------|----------------------------|--------------------------|
| Current Assets: | | |
| Cash and cash equivalents | \$ 1,053,668 | \$ 745,220 |
| Grants receivable | 21,223 | 40,683 |
| Prepaid expenses | <u>57,028</u> | <u>12,566</u> |
| Total Current Assets | <u>1,131,919</u> | <u>798,469</u> |
| Non-Current Assets: | | |
| Property and equipment, net | <u>141,078</u> | <u>177,611</u> |
| Total Assets | <u><u>\$ 1,272,997</u></u> | <u><u>\$ 976,080</u></u> |

LIABILITIES AND NET ASSETS

| | | |
|----------------------------------|----------------------------|--------------------------|
| Current Liabilities: | | |
| Accounts payable | \$ 335,253 | \$ 300,397 |
| Accrued expenses | <u>207,731</u> | <u>300,096</u> |
| Total Current Liabilities | <u>542,984</u> | <u>600,493</u> |
| Total Liabilities | <u>542,984</u> | <u>600,493</u> |
| Net Assets: | | |
| Unrestricted | <u>730,013</u> | <u>375,587</u> |
| Total Net Assets | <u>730,013</u> | <u>375,587</u> |
| Total Liabilities and Net Assets | <u><u>\$ 1,272,997</u></u> | <u><u>\$ 976,080</u></u> |

See accompanying notes to financial statements.

PELICAN EDUCATIONAL FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2013 and 2012

| | 2013 | 2012 |
|---|-------------------|-------------------|
| UNRESTRICTED NET ASSETS | | |
| Public Support and Other Revenues | | |
| Local sources | \$ 3,010,834 | \$ 2,871,839 |
| State sources | 2,158,738 | 2,115,387 |
| Federal sources | 634,367 | 353,524 |
| Total Support, Revenues and Reclassifications | <u>5,803,939</u> | <u>5,340,750</u> |
| Expenses | | |
| Program services: | | |
| Instructional | 2,739,857 | 2,410,725 |
| Supporting services: | | |
| Management and general | 2,407,298 | 2,953,381 |
| Non-Instructional services: | | |
| Other services | <u>302,358</u> | <u>111,988</u> |
| Total Expenses | <u>5,449,513</u> | <u>5,476,094</u> |
| Increase (Decrease) in Unrestricted Net Assets | <u>354,426</u> | <u>(135,344)</u> |
| Net assets at beginning of year, as previously reported | | 768,756 |
| Prior period adjustment - correction of errors | - | (257,825) |
| Net assets at beginning of year, as corrected | <u>375,587</u> | <u>510,931</u> |
| Net assets at end of year | <u>\$ 730,013</u> | <u>\$ 375,587</u> |

See accompanying notes to financial statements.

PELICAN EDUCATIONAL FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2013 and 2012

| | <u>2013</u> | <u>2012</u> |
|--|----------------------------|--------------------------|
| Cash Flows from Operating Activities: | | |
| Increase (decrease) in net assets | \$ 354,426 | \$ (135,344) |
| Prior period adjustments | - | 257,825 |
| Depreciation expense | 36,533 | 36,533 |
| Decrease (increase) in operating assets: | | |
| Accounts receivable | 19,460 | 212,259 |
| Prepaid expenses | (44,462) | (12,566) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | 34,856 | (521,832) |
| Accrued expenses | <u>(92,365)</u> | <u>(317,770)</u> |
| Net cash provided by (used in) operating activities | <u>308,448</u> | <u>(480,895)</u> |
| Cash Flows from Investing Activities: | | |
| Disposition of assets | <u>-</u> | <u>126,796</u> |
| Net cash provided by investing activities | <u>-</u> | <u>126,796</u> |
| Net increase (decrease) in cash and cash equivalents | 308,448 | (354,099) |
| Cash and cash equivalents, beginning of year | <u>745,220</u> | <u>1,099,319</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 1,053,668</u></u> | <u><u>\$ 745,220</u></u> |

See accompanying notes to financial statements.

PELICAN EDUCATIONAL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2013

| | PROGRAM SERVICES | SUPPORT SERVICES | NON- INSTRUCTIONAL SERVICES | |
|---------------------------------|-----------------------------|---------------------------------------|--|---------------------|
| | Instructional | Management And General | Other Services | Total |
| Salaries and benefits | \$ 2,190,117 | \$ 707,812 | \$ - | \$ 2,897,929 |
| Purchased professional services | 303,295 | 525,846 | - | 829,141 |
| Student transportation services | - | 507,619 | - | 507,619 |
| Food service management | - | - | 290,887 | 290,887 |
| Materials and supplies | 65,982 | 72,944 | 11,471 | 150,397 |
| Repairs and maintenance | 1,371 | 124,214 | - | 125,585 |
| Energy | - | 123,238 | - | 123,238 |
| Dues and fees | 101,156 | - | - | 101,156 |
| Advertising | - | 95,404 | - | 95,404 |
| Equipment | - | 61,093 | - | 61,093 |
| Insurance | - | 58,565 | - | 58,565 |
| Communications | - | 42,499 | - | 42,499 |
| Cleaning services | - | 38,391 | - | 38,391 |
| Depreciation | 36,533 | - | - | 36,533 |
| Travel | 28,975 | 5,727 | - | 34,702 |
| Rentals | - | 28,961 | - | 28,961 |
| Utility services | - | 13,869 | - | 13,869 |
| Books and periodicals | 12,428 | - | - | 12,428 |
| Purchased property services | - | 1,116 | - | 1,116 |
| | <u>\$ 2,739,857</u> | <u>\$ 2,407,298</u> | <u>\$ 302,358</u> | <u>\$ 5,449,513</u> |

See accompanying notes to financial statements.

PELICAN EDUCATIONAL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2012

| | PROGRAM SERVICES | SUPPORT SERVICES | NON- INSTRUCTIONAL SERVICES | |
|---------------------------------|-----------------------------|---------------------------------------|--|---------------------|
| | Instructional | Management And General | Other Services | Total |
| Salaries and benefits | \$ 1,929,575 | \$ 649,260 | \$ - | \$ 2,578,835 |
| Purchased professional services | 226,638 | 869,506 | - | 1,096,144 |
| Student transportation services | - | 651,850 | - | 651,850 |
| Repairs and maintenance | - | 274,118 | - | 274,118 |
| Materials and supplies | 60,157 | 83,025 | 4,302 | 147,484 |
| Cleaning services | - | 127,850 | - | 127,850 |
| Energy | - | 125,840 | - | 125,840 |
| Food service management | - | - | 107,686 | 107,686 |
| Dues and fees | 98,578 | - | - | 98,578 |
| Insurance | - | 54,376 | - | 54,376 |
| Travel | 33,146 | 5,590 | - | 38,736 |
| Depreciation | 36,533 | - | - | 36,533 |
| Other purchased services | - | 35,817 | - | 35,817 |
| Books and periodicals | 26,098 | - | - | 26,098 |
| Advertising | - | 23,418 | - | 23,418 |
| Communications | - | 21,978 | - | 21,978 |
| Rentals | - | 16,097 | - | 16,097 |
| Utility services | - | 14,656 | - | 14,656 |
| | <u>\$ 2,410,725</u> | <u>\$ 2,953,381</u> | <u>\$ 111,988</u> | <u>\$ 5,476,094</u> |

See accompanying notes to financial statements.

PELICAN EDUCATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Pelican Educational Foundation, Inc. (a nonprofit organization) (the “Foundation”) was created as a non-profit corporation under the laws of the State of Louisiana, on November 4, 2005. The Foundation applied to the Louisiana State Board of Elementary and Secondary Education (“BESE”) to operate Abramson Science & Technology Charter School, a Type 5 charter school as defined in Louisiana R.S. 17:3971, et. seq. Abramson Science & Technology Charter School serves eligible students in grades kindergarten through twelfth grade, primarily in Orleans Parish. On March 12, 2009, the Board of Elementary and Secondary Education approved Pelican Educational Foundation, Inc.’s application to transform Kenilworth Middle, a consistently failing public school in East Baton Rouge Parish, into a high-performing college-preparatory science and technology oriented charter school. Kenilworth Science & Technology Charter School (Kenilworth) began their first year of school on August 7, 2009.

On August 6, 2011, the Recovery School District revoked the Foundation’s charter to operate Abramson Science and Technology School.

The Foundation operates under the direction of a seven member board of directors. The board of directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The board of directors controls the Foundation's instructional/support facility staffed by 59 personnel who provide services to 520 students.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Functional Expenses

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management. The allocation between the functions is compiled based on the Louisiana Accounting and Uniform Governmental Handbook (LAUGH).

Income Tax Status

The Foundation is a tax exempt organization under Internal Revenue Code Section 501(c)(3) and, as such, is not subject to income tax.

PELICAN ECUATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public Support and Revenue

The Foundation receives its support primarily from the Louisiana State Department of Education and the United States Department of Education. Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances are provided for promises to give which are estimated to be uncollectible. Promises to give and contributions are principally received from corporate, foundation, and individual donors around the United States. Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give which relate to a subsequent year are recorded as receivables and temporarily restricted net assets in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less.

Basis of Presentation

The Foundation follows the provisions of Not-For-Profit Entities Topic of FASB ASC (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations which includes three basis financial statements and classification of resources into three separate categories of net assets, as follows:

PELICAN EDUCATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Unrestricted - Net assets which are free of donor imposed restrictions; all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted - Net assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the Foundation pursuant to such stipulations.
- Permanently Restricted - Net assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the Foundation.

Property and Equipment

Property and equipment are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported property and equipment except land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

| | |
|--------------------------------|-------------|
| Buildings and improvements | 30-15 years |
| Furniture and fixtures | 7 years |
| Office and classroom equipment | 5 years |

Assets acquired with Department of Education funds are owned by the Foundation while used in the purpose for which it was purchased. The Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency.

Subsequent Events

Subsequent events have been evaluated through December 6, 2013, the date the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

The Foundation maintains its cash balances at a national financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ending June 30, 2013 and 2012. At times, the balance may exceed the federally insured amount.

PELICAN EDUCATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013 and 2012

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2013 and 2012, consisted of the following:

| | 2013 | 2012 |
|--------------------------------|-------------------|-------------------|
| Building and improvements | \$ 104,900 | \$ 104,900 |
| Furniture and fixtures | 86,822 | 86,822 |
| Office and classroom equipment | 89,430 | 89,430 |
| Less: Accumulated Depreciation | (140,074) | (103,541) |
| | <u>\$ 141,078</u> | <u>\$ 177,611</u> |

Depreciation expense was \$36,533 and \$36,533 for the years ended June 30, 2013 and 2012, respectively.

NOTE 4 – RETIREMENT PLAN

Employees of the Foundation are eligible to participate in the defined contribution plan administered by American United Life. The plan is a 403(b) defined contribution plan. Employees are allowed to make contributions during the year subject to limitations imposed by the IRS. The Foundation provides an Employer matching contribution of 5% of the employee's salary. The Foundation made contributions during the years ended June 30, 2013 and 2012 of \$113,956 and \$95,138, respectively.

NOTE 5 – COMPENSATED ABSENCES

All contracted employees are granted eight (8) days of sick pay per year, provided, however, that the employee is contracted for a full year. At June 30, 2013 and 2012, the Foundation paid each employee for any unused sick pay the employee earned during the year.

NOTE 6 - CONTINGENCIES

State and Local Funding - The continuation of Kenilworth Science and Technology Charter School is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contract with the Board of Elementary and Secondary Education. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contract, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

PELICAN EDUCATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013 and 2012

NOTE 7 – LEASE AGREEMENT

During the years ended June 30, 2013 and 2012, the Foundation leased a building from the East Baton Rouge Parish School Board (EBRPSB) for Kenilworth Science and Technology Charter School absent a lease agreement. The EBRPSB will forego any lease payments for the term of the lease.

NOTE 8 – MANAGEMENT AGREEMENT

The Foundation entered into a Supportive Service Agreement (Agreement) with a nonprofit corporation (Corporation) on July 1, 2011. The Agreement terminated on June 30, 2012. The Agreement between the Foundation and the Corporation required the Corporation to provide advisory, consulting, and support services to the Foundation in return for compensation of 5% of all new funding received from the State as a result of the Corporation's performance under the Agreement. For the year ended June 30, 2012, the Corporation waived the 5% requirement. The Foundation paid the Corporation approximately \$55,000 for the year ended June 30, 2012. On December 15, 2012, the Foundation renewed the agreement with the Corporation. The new agreement terminated June 30, 2013 and required the Foundation to compensate the Corporation 3% of all new funding received from the State as a result of the Corporation's performance under the Agreement.

NOTE 9 – SIGNIFICANT CONCENTRATIONS

For the years ended June 30, 2013 and 2012, the Foundation received approximately 52% and 54% of its total revenue, respectively, from local sources, approximately 37% and 40% of its total revenue, respectively, from state public school funds, and approximately 11% and 6% of its total revenue, respectively, from federal programs.

NOTE 10 – UNCERTAIN TAX POSITIONS

Accounting principles generally accepted in the United States of America require the Foundation's management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Foundation's management has analyzed the tax positions taken by the Foundation, and has concluded that as of June 30, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation's management believes it is no longer subject to income tax examinations for years prior to 2009.

PELICAN EDUCATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013 and 2012

NOTE 11 – PRIOR PERIOD ADJUSTMENTS AND RECLASSIFICATIONS

The Foundation recorded prior period adjustments in 2012 related to correction of errors that occurred in 2011 but were discovered in 2012. The adjusting entries were primarily related to timing issues for expenses and receipts of revenues. The entries were charged to beginning unrestricted net assets. Had the errors not occurred, the net assets reported on the 2011 financial statements would have decreased \$257,825. The adjustments had the following effects on the financial statements of the Foundation:

| | |
|----------------------------------|-----------|
| Increase in Total Assets | \$ 29,181 |
| Decrease in Total Liabilities | \$277,918 |
| Increase in Net Assets | \$307,099 |
| Decrease in Total Expenses | \$ 19,507 |
| Increase in Operating Cash Flows | \$257,825 |

SUPPLEMENTAL INFORMATION

PELICAN EDUCATIONAL FOUNDATION, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2013

| | Abramson Science and Technology | Kenilworth Science and Technology | Total |
|---|---------------------------------------|---|---------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 199,624 | \$ 854,044 | \$ 1,053,668 |
| Grants receivable | - | 21,223 | 21,223 |
| Prepaid expenses | - | 57,028 | 57,028 |
| | <u>199,624</u> | <u>932,295</u> | <u>1,131,919</u> |
| Total Current Assets | | | |
| | <u>199,624</u> | <u>932,295</u> | <u>1,131,919</u> |
| Non-Current Assets: | | | |
| Property and equipment, net | - | 141,078 | 141,078 |
| | <u>-</u> | <u>141,078</u> | <u>141,078</u> |
| Total Assets | | | |
| | <u>\$ 199,624</u> | <u>\$ 1,073,373</u> | <u>\$ 1,272,997</u> |
| LIABILITIES AND NET ASSETS | | | |
| Current Liabilities: | | | |
| Accounts payable | \$ 145,263 | \$ 189,990 | \$ 335,253 |
| Accrued expenses | - | 207,731 | 207,731 |
| | <u>145,263</u> | <u>397,721</u> | <u>542,984</u> |
| Total Current Liabilities | | | |
| | <u>145,263</u> | <u>397,721</u> | <u>542,984</u> |
| Total Liabilities | | | |
| | <u>145,263</u> | <u>397,721</u> | <u>542,984</u> |
| Net Assets: | | | |
| Unrestricted | 54,361 | 675,652 | 730,013 |
| | <u>54,361</u> | <u>675,652</u> | <u>730,013</u> |
| Total Net Assets | | | |
| | <u>54,361</u> | <u>675,652</u> | <u>730,013</u> |
| Total Liabilities and Net Assets | | | |
| | <u>\$ 199,624</u> | <u>\$ 1,073,373</u> | <u>\$ 1,272,997</u> |

See accompanying notes to financial statements.

PELICAN EDUCATIONAL FOUNDATION, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

| | Abramson Science and Technology | Kenilworth Science and Technology | Total |
|---|---------------------------------------|---|--------------|
| UNRESTRICTED NET ASSETS | | | |
| Public Support and Other Revenues | | | |
| Local sources | \$ 230 | \$ 3,010,604 | \$ 3,010,834 |
| State sources | - | 2,158,738 | 2,158,738 |
| Federal sources | - | 634,367 | 634,367 |
| | <hr/> | <hr/> | <hr/> |
| Total Support, Revenues and Reclassifications | 230 | 5,803,709 | 5,803,939 |
| | <hr/> | <hr/> | <hr/> |
| Expenses | | | |
| Program services: | | | |
| Instructional | - | 2,739,857 | 2,739,857 |
| Supporting services: | | | |
| Management and general | 36,532 | 2,370,766 | 2,407,298 |
| Non-Instructional services: | | | |
| Other services | - | 302,358 | 302,358 |
| | <hr/> | <hr/> | <hr/> |
| Total Expenses | 36,532 | 5,412,981 | 5,449,513 |
| | <hr/> | <hr/> | <hr/> |
| Increase (decrease) in Unrestricted Net Assets | (36,302) | 390,728 | 354,426 |
| | <hr/> | <hr/> | <hr/> |
| Net assets at beginning of year | 90,663 | 284,924 | 375,587 |
| | <hr/> | <hr/> | <hr/> |
| Net assets at end of year | \$ 54,361 | \$ 675,652 | \$ 730,013 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

See accompanying notes to financial statements.

PERFORMANCE STATISTICAL DATA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Pelican Educational Foundation, Inc.
Baton Rouge, Louisiana

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Pelican Educational Foundation, Inc. (a nonprofit organization) (the "Foundation") who operates Kenilworth Science & Technology Charter School (the "School") and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the School and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. The School is responsible for the performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule K-1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

Education Levels of Public Principals, Assistant Principals, and Full-Time Classroom Teachers (Schedule K-2)

2. We reconciled the total number of full-time classroom teachers per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule K-4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2012.
3. We reconciled the combined total of principals and assistant principals per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule K-4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2012 and as reported on the schedule. We traced a random sample of 25 teachers to the individual’s personnel file and determined that the individual’s education level was properly classified on the schedule.

Number and Type of Public Schools (Schedule K-3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule K-4)

6. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2012 and as reported on the schedule and traced the same sample used in procedure 4 to the individual’s personnel file and determined that the individual’s experience was properly classified on the schedule.

Public Staff Data (Schedule K-5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual’s personnel file and determined that the individual’s salary, extra compensation, and full-time equivalents were properly included on the schedule.
8. We recalculated the average salaries and full-time equivalents reported in the schedule.

Class Size Characteristics (Schedule K-6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule K-3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2012 roll books for those classes and determined that the class was properly classified on the schedule.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule K-7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School System.

Integrated Louisiana Educational Assessment Program (iLEAP) (Schedule K-9)

11. We obtained test scores as provided by the testing authority and reconciled the scores as reported by the testing authority to the scores reported in the schedule by the School System.

We noted the following exceptions as a result of applying the above procedures:

Education Levels of Public Principals, Assistant Principals, and Full-Time Classroom Teachers (Schedule K-2)

Finding:

We noted three (3) instances where the employees' certification numbers were expired per the October 1, 2012 PEP report.

Corrective Action Plan:

Certification numbers were put into the system previous years. We didn't know that expired certification numbers should be deleted out. Kenilworth Science & Technology -although not required by current laws – requires all of its teachers to be certified or be working on certification. The three teachers mentioned renewed their certification later in the year, and we've updated in the system.

Public School Staff Data (Schedule K-5)

Finding:

We noted eleven (11) instances where teachers' reported salary did not include all extra compensation per the June 30, 2013 PEP report. Any amount of salary paid in the current fiscal year for the completion of assigned additional duties is considered extra compensation. Extra compensation should be included in the June 30, 2013 PEP report with a Type 2 designation. Also, bonuses should be included with the base salary amount and be reported on the June 30, 2013 PEP report as a Type 1 designation.

Corrective Action Plan:

This was a clerical mistake. Our software is not flexible enough to record all extra compensations in an easy manner. There were eleven instances that extra compensations were calculated wrong (very small amounts). In the future, business manager will develop a system to record all compensations in a very easy system so that we will be able to get 100% accurate reports.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the Foundation, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carr, Riggs & Ingram, LLC

December 6, 2013
Metairie, Louisiana

**PELICAN EDUCATIONAL FOUNDATION, INC.
BATON ROUGE, LOUISIANA**

Schedule K-1

**General Fund Instructional and Support Expenditures
Certain Local Revenue Sources
For the Year Ended June 30, 2013**

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

| | | |
|--|--------------|--------------|
| Teacher and student interaction activities: | | |
| Classroom teacher salaries | \$ 1,474,814 | |
| Other instructional staff activities | 50,987 | |
| Employee benefits | 382,643 | |
| Purchased professional and technical services | 279,801 | |
| Instructional materials and supplies | 96,289 | |
| Less instructional equipment | 36,093 | |
| Total teacher and student interaction activities | | \$ 2,320,627 |
| Other instructional activities | | 11,429 |
| Pupil support activities | \$ 104,431 | |
| Less equipment for pupil support activities | - | |
| Net pupil support activities | | 104,431 |
| Instructional Staff Services | \$ 29,677 | |
| Less equipment for instructional staff services | - | |
| Net instructional staff services | | 29,677 |
| School Administration | \$ 467,899 | |
| Less: Equipment for School Administration | - | |
| Net school administration | | 467,899 |
| Total general fund instructional expenditures | | \$ 2,934,063 |
| Total general fund equipment expenditures | | \$ (36,093) |

Certain Local Revenue Sources:

This section is not applicable to Pelican Educational Foundation, Inc.

PELICAN EDUCATIONAL FOUNDATION, INC.
BATON ROUGE, LOUISIANA

Schedule K-2

Education Level of Public Principals, Assistant Principals, and Full-Time Classroom Teachers
As of October 1, 2012

| Category | Full-time Classroom Teachers | | | | Principals and Assistant Principals | | | |
|-------------------------------|------------------------------|-------------|----------------|-------------|-------------------------------------|-------------|----------------|-------------|
| | Certificated | | Uncertificated | | Certificated | | Uncertificated | |
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Less than a Bachelor's Degree | - | - | - | - | - | - | - | - |
| Bachelor's Degree | 24 | 78% | 5 | 71% | 1 | 50% | - | - |
| Master's Degree | 6 | 19% | 2 | 29% | 1 | 50% | 1 | 100% |
| Master's Degree +30 | - | - | - | - | - | - | - | - |
| Specialist in Education | - | - | - | - | - | - | - | - |
| Ph. D. or Ed. D. | 1 | 3% | - | - | - | - | - | - |
| Total | 31 | 100% | 7 | 100% | 2 | 100% | 1 | 100% |

**PELICAN EDUCATIONAL FOUNDATION, INC.
BATON ROUGE, LOUISIANA**

Schedule K-3

**Number and Type of Public Schools
For the Year Ended June 30, 2013**

| Type | 2013 |
|-----------------|---------------|
| | Number |
| Elementary | - |
| Middle/Jr. High | 1 |
| Secondary | - |
| Combination | - |
| Total | 1 |

Note: Schools opened or closed during the fiscal year are included in this schedule.

**PELICAN EDUCATIONAL FOUNDATION, INC.
BATON ROUGE, LOUISIANA**

Schedule K-4

**Experience Levels of Public Principals, Assistant Principals, and Full-Time Classroom Teachers
As of October 1, 2012**

| | 0-1 Yr. | 2-3 Yrs. | 4-10 Yrs. | 11-14 Yrs. | 15-19 Yrs. | 20-24 Yrs. | 25+ Yrs. | Total |
|----------------------|---------|----------|-----------|------------|------------|------------|----------|-------|
| Assistant Principals | - | - | 2 | - | - | - | - | 2 |
| Classroom Teachers | 21 | 5 | 12 | - | - | - | - | 38 |
| Principals | - | - | 1 | - | - | - | - | 1 |
| Total | 21 | 5 | 15 | - | - | - | - | 41 |

**PELICAN EDUCATIONAL FOUNDATION, INC.
BATON ROUGE, LOUISIANA**

Schedule K-5

**Public School Staff Data
2012-2013 School Year**

| | All Classroom Teachers | Classroom Teachers Excluding ROTC And Rehired Retirees |
|--|---------------------------|--|
| Average Classroom Teachers' Salary Including Extra Compensation | \$ 42,746 | \$ 42,746 |
| Average Classroom Teacher's Salary Excluding Extra Compensation | \$ 42,746 | \$ 42,746 |
| Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries | 37.87 | 37.87 |

Note: Figures reported include all sources of funding (i.e. federal, state and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

PELICAN EDUCATIONAL FOUNDATION, INC.
BATON ROUGE, LOUISIANA

Schedule K-6

Class Size Characteristics

As of October 1, 2012

| School Type | Class Size Range | | | | | | | |
|----------------------------------|------------------|--------|---------|--------|---------|--------|---------|--------|
| | 1 - 20 | | 21 - 26 | | 27 - 33 | | 34+ | |
| | Percent | Number | Percent | Number | Percent | Number | Percent | Number |
| Elementary | - | - | - | - | - | - | - | - |
| Elementary Activity Classes | - | - | - | - | - | - | - | - |
| Middle/Jr. High | 42% | 69 | 49% | 81 | 9% | 14 | - | - |
| Middle/Jr. High Activity Classes | 27% | 12 | 64% | 28 | 9% | 4 | - | - |
| High | - | - | - | - | - | - | - | - |
| High Activity Classes | - | - | - | - | - | - | - | - |
| Combination | - | - | - | - | - | - | - | - |
| Combination Activity Classes | - | - | - | - | - | - | - | - |

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items. The schedule as of October 1, 2012 contains all available classes.

PELICAN EDUCATIONAL FOUNDATION, INC.
BATON ROUGE, LOUISIANA

Schedule K-7

Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2013

| District Achievement Level Results | English | | | | | | Mathematics | | | | | |
|---------------------------------------|------------|-------------|------------|-------------|------------|-------------|-------------|-------------|------------|-------------|------------|-------------|
| | 2013 | | 2012 | | 2011 | | 2013 | | 2012 | | 2011 | |
| Students | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Grade 8 | | | | | | | | | | | | |
| Advanced | 1 | 1% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% |
| Mastery | 5 | 4% | 3 | 3% | 12 | 10% | 6 | 5% | 2 | 2% | 2 | 2% |
| Basic | 57 | 49% | 56 | 47% | 43 | 36% | 85 | 73% | 64 | 53% | 48 | 40% |
| Approaching Basic | 48 | 41% | 48 | 40% | 50 | 47% | 17 | 14% | 40 | 33% | 44 | 36% |
| Unsatisfactory | 6 | 5% | 13 | 10% | 16 | 13% | 9 | 8% | 14 | 12% | 27 | 22% |
| Total | 117 | 100% | 120 | 100% | 121 | 106% | 117 | 100% | 120 | 100% | 121 | 100% |

| District Achievement Level Results | Science | | | | | | Social Studies | | | | | |
|---------------------------------------|------------|-------------|------------|-------------|------------|-------------|----------------|-------------|------------|-------------|------------|-------------|
| | 2013 | | 2012 | | 2011 | | 2013 | | 2012 | | 2011 | |
| Students | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Grade 8 | | | | | | | | | | | | |
| Advanced | - | 0% | - | 0% | 1 | 1% | 1 | 1% | - | 0% | - | 0% |
| Mastery | 4 | 3% | 10 | 8% | 6 | 5% | 3 | 3% | 4 | 3% | 4 | 3% |
| Basic | 55 | 47% | 38 | 31% | 36 | 30% | 60 | 51% | 52 | 43% | 40 | 33% |
| Approaching Basic | 48 | 41% | 51 | 43% | 41 | 34% | 32 | 27% | 39 | 33% | 34 | 28% |
| Unsatisfactory | 10 | 9% | 21 | 18% | 37 | 30% | 21 | 18% | 25 | 21% | 43 | 36% |
| Total | 117 | 100% | 120 | 100% | 121 | 100% | 117 | 100% | 120 | 100% | 121 | 100% |

PELICAN EDUCATIONAL FOUNDATION, INC.
BATON ROUGE, LOUISIANA

Schedule K-9

Integrated Louisiana Educational Assessment Program (iLEAP)
For the Years Ended June 30, 2011, 2012, and 2013

| District Achievement Level Results | English | | | | | | Mathematics | | | | | | Science | | | | | | Social Studies | | | | | |
|---------------------------------------|------------|-------------|------------|-------------|------------|-------------|-------------|-------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|----------------|-------------|------------|-------------|------------|-------------|
| | 2013 | | 2012 | | 2011 | | 2013 | | 2012 | | 2011 | | 2013 | | 2012 | | 2011 | | 2013 | | 2012 | | 2011 | |
| Students | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Grade 6 | | | | | | | | | | | | | | | | | | | | | | | | |
| Advanced | - | 0% | - | 0% | - | 0% | 6 | 3% | - | 0% | 1 | 1% | 2 | 1% | - | 0% | - | 0% | 7 | 4% | 1 | 1% | 2 | 2% |
| Mastery | 9 | 5% | 8 | 4% | 6 | 6% | 15 | 9% | 10 | 6% | 6 | 6% | 21 | 12% | 4 | 2% | 3 | 3% | 15 | 8% | 6 | 4% | 4 | 4% |
| Basic | 92 | 52% | 84 | 52% | 47 | 44% | 95 | 53% | 88 | 54% | 52 | 49% | 76 | 43% | 65 | 40% | 36 | 34% | 90 | 51% | 68 | 41% | 33 | 31% |
| Approaching Basic | 54 | 30% | 55 | 34% | 32 | 30% | 34 | 19% | 25 | 15% | 34 | 32% | 63 | 35% | 66 | 40% | 50 | 47% | 49 | 27% | 58 | 36% | 41 | 39% |
| Unsatisfactory | 23 | 13% | 16 | 10% | 21 | 20% | 28 | 16% | 40 | 25% | 13 | 12% | 16 | 9% | 28 | 18% | 17 | 16% | 17 | 10% | 30 | 18% | 26 | 24% |
| Total | 178 | 100% | 163 | 100% | 106 | 100% | 178 | 100% | 163 | 100% | 106 | 100% | 178 | 100% | 163 | 100% | 106 | 100% | 178 | 100% | 163 | 100% | 106 | 100% |

| District Achievement Level Results | English | | | | | | Mathematics | | | | | | Science | | | | | | Social Studies | | | | | |
|---------------------------------------|------------|-------------|------------|-------------|------------|-------------|-------------|-------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|----------------|-------------|------------|-------------|------------|-------------|
| | 2013 | | 2012 | | 2011 | | 2013 | | 2012 | | 2011 | | 2013 | | 2012 | | 2011 | | 2013 | | 2012 | | 2011 | |
| Students | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Grade 7 | | | | | | | | | | | | | | | | | | | | | | | | |
| Advanced | 1 | 1% | 1 | 1% | - | 0% | 2 | 1% | 1 | 1% | - | 0% | - | 0% | 1 | 1% | - | 0% | 2 | 1% | 1 | 1% | - | 0% |
| Mastery | 13 | 8% | 6 | 4% | 7 | 6% | 13 | 8% | 10 | 7% | 7 | 6% | 13 | 8% | 19 | 14% | 7 | 6% | 21 | 13% | 13 | 10% | 2 | 2% |
| Basic | 78 | 47% | 75 | 55% | 60 | 50% | 95 | 58% | 82 | 60% | 59 | 49% | 76 | 46% | 62 | 46% | 59 | 49% | 92 | 56% | 60 | 43% | 63 | 53% |
| Approaching Basic | 65 | 39% | 32 | 24% | 43 | 36% | 31 | 19% | 27 | 20% | 37 | 31% | 59 | 36% | 39 | 28% | 37 | 32% | 28 | 17% | 34 | 25% | 21 | 18% |
| Unsatisfactory | 9 | 5% | 22 | 16% | 10 | 8% | 23 | 14% | 16 | 12% | 17 | 14% | 16 | 10% | 15 | 11% | 17 | 13% | 21 | 13% | 28 | 21% | 34 | 27% |
| Total | 166 | 100% | 136 | 100% | 120 | 100% | 164 | 100% | 136 | 100% | 120 | 100% | 164 | 100% | 136 | 100% | 120 | 100% | 164 | 100% | 136 | 100% | 120 | 100% |

GOVERNMENTAL AUDITING STANDARDS REPORT

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Pelican Educational Foundation, Inc.
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pelican Educational Foundation, Inc. (a nonprofit organization) (d/b/a Kenilworth Science & Technology Charter School) (the “Foundation”), which comprise the Statement of Financial Position as of June 30, 2013, and the related Statements of Activities, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, LLC

December 6, 2013
Metairie, Louisiana

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

Board of Directors
Pelican Educational Foundation, Inc.
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Pelican Educational Foundation Inc.'s (a nonprofit organization) (d/b/a Kenilworth Science and Technology Charter School) (the "Foundation") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2013. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, LLC

December 6, 2013
Metairie, Louisiana

PELICAN EDUCATIONAL FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

| <u>Federal Grantor/ Program Title/ Pass-Through Grantor</u> | <u>CFDA Number</u> | <u>Expenditures</u> |
|--|-------------------------------|----------------------------|
| <u>U.S. Department of Education:</u> | | |
| <i>Passed-through Louisiana Department of Education:</i> | | |
| Title I Grants to Local Educational Agencies (LEAs)* | 84.010 | \$ 221,138 |
| Title II Improving Teacher Quality State Grants | 84.367 | 58,278 |
| Special Education - Grants to States (IDEA, Part B) | 84.027 | <u>106,558</u> |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | <u>\$ 385,974</u> |
| <u>U.S. Department of Education:</u> | | |
| <i>Passed-through Helix Network of Educational Choices:</i> | | |
| Child Nutrition Cluster*: | | |
| National Breakfast Program* | 10.553 | \$ 60,430 |
| National School Lunch Program* | 10.555 | <u>187,963</u> |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | <u>\$ 248,393</u> |
| TOTAL FEDERAL REVENUES | | <u>\$ 634,367</u> |

*Identified as a major program.

See accompanying Note to the Schedule of Expenditures of Federal Awards.

PELICAN EDUCATIONAL FOUNDATION, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

NOTE 1 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Foundation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

PELICAN EDUCATIONAL FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Pelican Educational Foundation, Inc. (a nonprofit organization) (the "Foundation").
2. No instances of noncompliance material to the financial statements of the Foundation were disclosed and identified during the audit.
3. No significant deficiencies relating to the audit of the major federal award programs is reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over compliance Required by OMB Circular A-133*.
4. The *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over compliance Required by OMB Circular A-133* expresses an unqualified opinion on all major federal programs.
5. There were no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
6. A management letter was not issued for the year ended June 30, 2013.
7. The programs tested as major programs for the year ended June 30, 2013 was:

| <u>Program Title</u> | <u>CFDA No.</u> |
|---|-----------------|
| Title I Grants to Local Educational Agencies (LEAs) | 84.010 |
| Child Nutrition Cluster | 10.553/10.555 |

8. The threshold for distinguishing between Type A and Type B programs was \$300,000.
9. The Foundation qualified as a high-risk auditee.

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

There were no findings related to the financial statement for the year ended June 30, 2013.

PELICAN EDUCATIONAL FOUNDATION, INC.
SUMMARY SCHEDULES OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
For the Year Ended June 30, 2013

Current status of prior year findings:

SECTION I - FINDINGS RELATED TO INTERNAL CONTROLS AND COMPLIANCE

2012 - 01 Reconciliation of Grants Receivable and Revenues Accounts to Supporting Documents: Resolved

2012 - 02 Reconciliation of Accounts Payable, Accrued Expenses, and Operating Expenses: Resolved

2012 - 03 Inventory and Fixed Assets Detailed Records Not Up-to-date: Resolved

2012 - 04 Record Depreciation: Resolved

2012 - 05 Potential Misuse of Public Funds: Resolved

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

Not applicable.

SECTION III – MANAGEMENT LETTER

Blank Checks: Resolved

Access to Bank Accounts: Resolved